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Mr. Scott Tomashefsky
Project Manager and Principal Author
California Energy Commission

May 20, 2002

**Distributed Generation Strategic Plan
May 2002
P700-02-002D
Comments**

Dear Scott,

The subject report is an excellent assessment of the DG arena that is balanced and insightful. The one area that I believe needs to be included is that of customer value. The customer is the one who ultimately makes the decision to install or not to install a system. Customers are driven by economics and performance. Two things that I feel must occur are 1) monetizing of societal and environmental value such that the economics for the customer improve and 2) the creation of a database that gives them comfort that these technologies perform. Focusing on customer value and monetizing the benefits will lead to a sustainable DG future that should not require subsidies.

This driving of value to the customer will further the societal goals of clean environment, habitat preservation, plentiful reasonably priced electricity, energy independence, and urban aesthetics. DG will mitigate the need for future expansions of the wires infrastructure and the need for new central plants.

The specific comments that follow are geared to incorporate these ideas into the plan.

Specific Comments

1) Vision page 13

Change to state: Distributed generation will be an integral sustainable part of the California energy system, providing consumers with safe, affordable, clean, reliable, readily available energy services while providing value to the host customer and mitigating the need for expansion of the wires infrastructure in California

2) Page 14

Under the bullet recognizing the need for private investment should be the concept of monetizing all benefits to produce customer value.

3) Page 15, Table 2

A new bullet under Business Practice Barriers should read as follows:

- ☞ Monetize benefits to produce customer value so long term sustainability can be attained

4) Page 17 Grid Effect Issues New Bullet

Can distribution circuit specific distribution benefits of DG be monetized to create customer value?

5) Page 31 Near Term Goals, Section #3,
Change Point 4 to the following

Identify specific distribution benefits of DG and determine their value

A collaborative with utilities should be undertaken to look at distribution system projects such as line upgrades, capacitor installations, transformer upgrades, etc. and determine a way to value these for the customer.

6) Page 34 #6,

Add a new point 2 as follows:

Monetize all environmental benefits to create customer value

A collaborative with state air quality agencies, Cal EPA, and other appropriate groups should be undertaken to look at the possibility of monetizing these benefits.

7) Page 29 #1

Add point #3 as follows:

Demonstrate a retrofit Emergency generator application that meets environmental criteria and all applicable codes

There has been a lot of work and discussion on the topic of emergency diesel generator replacement but there are no known results at a customer site available to potential users. This is a must if DG is to be used to mitigate distribution system upgrades

In closing, I would like to thank you for the opportunity to comment on this plan and commend you on doing a very thorough and insightful job.

Sincerely,

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